

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**北方興業控股有限公司\***  
**NORTHERN INTERNATIONAL HOLDINGS LIMITED**  
(Incorporated in Bermuda with limited liability)  
(Stock code: 736)

**ISSUE OF NEW SHARES PURSUANT TO GENERAL MANDATE  
AND RESUMPTION OF TRADING**

The Company had on 1st December, 2006 entered into a total of ten Subscription Agreements, pursuant to which the Company conditionally agreed to issue an aggregate of 69,895,000 Subscription Shares at a price of HK\$0.38 each. Net proceeds of the Subscription are estimated to be approximately HK\$26.3 million and will be used as general working capital of the Group.

The Subscription is conditional on the approval of the listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange. The Subscription Shares represent approximately 20.00% of the existing issued share capital of the Company and approximately 16.67% of the share capital as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 30th August, 2006.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended as from 9:30 a.m. on 1st December, 2006 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 4th December, 2006.

**THE SUBSCRIPTION AGREEMENTS**

**Date:** 1st December, 2006

**Issuer:** The Company

**Subscribers:** Ten individual investors who are merchants from the PRC, Taiwan and Hong Kong

Some of the Subscribers are business acquaintances of the management of the Company and some of them became acquainted with the management during recent social events. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and their respective associates are third parties independent of the Company and its connected persons and they are independent of each other.

**Number of new Shares to be subscribed:**

A total of 69,895,000 new Shares, representing approximately 20.00% of the Company's issued share capital as at the date of this announcement and approximately 16.67% of the Company's issued share capital as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will be allotted and issued under the general mandate granted to the Board at the annual general meeting of the Company held on 30th August, 2006. The aforesaid general mandate entitles the Company to allot and issue Shares with nominal amount of not more than 20% of the aggregate nominal amount of the share capital of the Company in issue as at 30th August, 2006, which amounts to 69,899,577 new Shares. As at the date of this announcement, no Shares had been issued pursuant to the aforesaid general mandate.

**Subscription Price:**

HK\$0.38 per Subscription Share, which represents:

- (i) a discount of about 8.4% to the closing price per Share of HK\$0.415 as quoted on the Stock Exchange on 30th November, 2006, being the last trading day of the Shares prior to the date of the Subscription Agreements;
- (ii) a discount of about 9.1% to the average of the closing prices per Share of approximately HK\$0.418 for the last 5 trading days up to and including 30th November, 2006; and
- (iii) a discount of about 8.2% to the average of the closing prices per Share of approximately HK\$0.414 for the last 10 trading days up to and including 30th November, 2006.

Based on the estimated expenses of approximately HK\$270,000 relating to the Subscription, the net subscription price of the Subscription Shares is approximately HK\$0.376 per Subscription Share. The terms of the Subscription Agreements were arrived at after arm's length negotiations between the Company and the Subscribers and with reference to the prevailing market price of the Shares. The Board considers that the terms of the Subscription Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Ranking of Subscription Shares:**

The Subscription Shares, when allotted and issued, will rank pari passu in all respects with the existing issued Shares, including the right to receive all dividends, bonuses or distributions declared or proposed to be declared or paid by the Company as from the date of such allotment and issue of the Subscription Shares.

**Condition of the Subscription Agreements:**

The Subscription Agreements are not inter-conditional on each other. Completion of each of the Subscription Agreements is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

If the condition referred to above is not fulfilled by 29th December, 2006 (or such other time and date as may be agreed by the Company and the Subscribers), all rights, obligations and liabilities of the parties under the Subscription Agreements shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Subscription Agreements.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Completion:**

Completion will take place on the third business day after satisfaction of the condition set out above.

**REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in the business of manufacture and sale of snap off blade cutters and property investments in Hong Kong and the PRC.

Based on an estimated expenses of about HK\$270,000 for the Subscription, the net proceeds of the Subscription will be approximately HK\$26.3 million and are intended to be used as the general working capital of the Group. The Directors are of the view that the Subscription will at the same time broaden the shareholder base and capital base of the Company. In addition, the financial position of the Group will be strengthened by the Subscription. Based on the above, the Directors consider that the Subscription is in the interests of the Company and the Shareholders as a whole.

**FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

In July 2006, the Company completed the issue of 58 million new Shares at a subscription price of HK\$0.23 each to an independent third party. Details of aforesaid fund raising activity were set out in the announcement of the Company dated 19th May, 2006 (the "Announcement"). As set out in Announcement, the net proceeds of approximately HK\$13.24 million are intended to be used as general working capital. The entire amount was used as intended as described in the Announcement.

Save for aforesaid issue of 58 million new Shares, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

## SHAREHOLDING STRUCTURE

The table below sets out the Company's shareholding structure immediately before and after Completion (assuming no change in the shareholding structure since then):–

Shareholders	Immediately before Completion		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Win Channel Investment Limited ( <i>Note 1</i> )	65,000,000	18.60	65,000,000	15.50
Easy Huge Holdings Limited ( <i>Note 2</i> )	48,000,000	13.73	48,000,000	11.44
Mr. Pan Chien Pu	58,000,000	16.60	58,000,000	13.83
Mr. Chong Sing Yuen ( <i>Note 3</i> )	1,411,552	0.40	1,411,552	0.34
Mr. Chu Kiu Fat ( <i>Note 4</i> )	2,000	0.00	2,000	0.00
The Subscribers ( <i>Note 5</i> )	–	–	69,895,000	16.67
Other public Shareholders	177,084,333	50.67	177,084,333	42.22
Total public Shareholders	177,084,333	50.67	246,979,333	58.89
Total	<u>349,497,885</u>	<u>100.00</u>	<u>419,392,885</u>	<u>100.00</u>

Notes:

1. A company wholly owned by Mr. Chim Pui Chung.
2. A company wholly owned by Mr. Ng Kin Wah.
3. An executive director of the Company.
4. An ex-executive director of the Company.
5. The respective shareholdings of each of the ten Subscribers in the Company will range from approximately 0.25% to approximately 3.86% of the total issued share capital as enlarged by the issue of the Subscription Shares. Accordingly, each of them will be treated as public Shareholders upon Completion.

## SUSPENSION AND RESUMPTION

At the request of the Company, trading in the Shares on the Stock Exchange was suspended as from 9:30 a.m. on 1st December, 2006 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 4th December, 2006.

## GENERAL

As at the date of this announcement, the executive directors of the Company are Messrs. Chong Sing Yuen, Zhao Qing Ji, Wong Siu Keung, Joe, Au Tat On, Lu Xiao Dong; and the independent non-executive directors of the Company are Messrs. Cheng Kwok Hing, Andy, Yeung Yuen Hei and Yeung King Wah.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Northern International Holdings Limited, a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreements
“connected persons”	have the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	People's Republic of China
“Subscribers”	the ten subscribers subscribing for the Subscription Shares pursuant to the Subscription Agreements
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements

“Subscription Agreements”	the ten conditional subscription agreements each dated 1st December, 2006 entered into between the Company on the one part and each of the Subscribers on the other part in relation to the Subscription
“Subscription Price”	HK\$0.38 per Subscription Share
“Subscription Shares”	an aggregate of 69,895,000 new Shares to be issued pursuant to the Subscription Agreements
“Share(s)”	ordinary share(s) of HK\$0.20 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Wong Siu Keung, Joe**  
*Company Secretary*

Hong Kong, 1st December, 2006

\* *For identification only*

Please also refer to the published version of this announcement in The Standard.